

## CURRENT REGIME OF INTERNET SERVICES IN INDIA- JULY'2023

Since 2015, the Government of India and more specifically our Hon'ble Prime Minister Sh.Narendra Modi Ji are primarily focusing on Digital India Project with a vision to transform India into a digitally empowered Society and knowledge economy.

The Project Digital India ensures that all the Government Services are provided to the citizens of India through numerous Digital Channels. Needless to mention that the initiatives taken by Government of India are fruitful as most of the Government services are online.

Digital India has also able to motivate private banking services, education services and also other private enterprises to provide services to the Citizens/Consumer through digital mode. Besides, due to COVID-19 pandemic; people are more connected to the Internet not only for leisure and convenience activities but also for their livelihood.

Due to the above-mentioned reasons, it is lucrative for the Indian Investors to enter into the Internet Business but to

start the internet business, one is required to obtain an Internet License which is issued by Department of Telecommunications (Ministry of Communications, New Delhi).

### 1. TYPES OF INTERNET LICENSES

- I. Unified License (UL)
- II. Unified License- Virtual Network Operator (UL-VNO)

Through either of the License, the Licensee can provide Internet Services, *however, differences between the two licenses are as follows:*

#### A. Validity Period

- UL VNO License is valid for a period of 10 years.
- UL ISP License is valid for a period of 20 years.

#### B. Impact of Policy Change

- The validity of an UL VNO license can be impacted by the change in telecommunication policy.

- The validity of an UL ISP License cannot be impacted by any change in the telecommunication policy.

### **C. Franchisability**

- UL VNO License do not allow the licensee to franchise its business.
- UL ISP license allows the Licensee to franchise its business.

### **D. Bank Guarantee**

Each Licensee is required to submit Bank Guarantees to DoT. In comparison, UL-VNO license holders is required to submit lesser amount of Bank Guarantee than UL Licenses.

### **E. Involvement of Hardware/Infrastructure**

In UL VNO License, the License holder cannot have its owned infrastructure and has to take the services from other permitted Internet Services Providers. Also, the requirement of hardware is much less as compared with UL Licenses.

UL ISP Licensee can have its own infrastructure and is not required to take the services from the from other Internet Services Providers. The requirement of hardware is much more than VNO.

### **F. Permissible Deductions in License Fee**

DoT charges license fee from each Licensee on a quarterly basis on certain percentage of Adjusted Gross Revenue of the Licensee, For UL VNO Licenses, a certain

amount of revenue is transferred to the eligible Service Providers and hence, the deduction of the said transfer of revenue to other Telecom Services provider is available for the UL VNO. Whereas, no such deduction is applicable for UL ISP.

## **2. DIFFERENT CLASSES OF LICENSES**

DoT, Ministry of Communications has divided both UL and UL VNO into 3 Classes i.e. A, B and C and each Applicant may apply for the license in accordance with its requirement:-

- **CLASS A**  
This License is applicable for PAN India. If an Applicant intends to provide services in the entire country then it may apply under CLASS A.
- **CLASS B**  
This license is applicable for Telecom Circle (State or Part of a State) and Metro cities- Mumbai, Delhi, Kolkata and Chennai. If an Applicant intends to provide services to multiple Telcom circle than it may apply for the required number of licenses.
- **CLASS C**  
This license is applicable for (Secondary Switching Area), Secondary Switching Areas are part of a State/Government

defined territories i.e. group of towns, villages.

Note: These classes are applicable for both UL and UL-VNO

### **3. DOCUMENTS REQUIRED FOR ANY CLASS OR TYPE OF THE LICENSES**

- a) Copy of registration certified by Company Secretary/Statutory Auditor and countersigned by Director duly authorized by the company.
- b) Articles of Association certified by Company Secretary/Statutory Auditor and countersigned by Director duly authorized by the company.
- c) Memorandum of Association certified by Company Secretary/Statutory Auditor and countersigned by Director duly authorized by the company
- d) Equity Details certificate from Company Secretary/Statutory Auditor countersigned by Director duly authorized by the company
- e) Certificate from Company Secretary/Statutory Auditor countersigned by

Director duly authorised by the company

- f) Paid up capital certificate from Company Secretary/Statutory Auditor countersigned by Director duly authorised by the company
- g) MHA clearance ( in case of foreign nationality/ CEO/CTO/CFO, Director)
- h) Power of Attorney by Resolution of board of Directors
- i) Letter of appointment of Statutory Auditor who has certified the Financial Documents of the Applicant.
- j) Other Documents, if required by the Licensor.

### **4. STATUTORY FEE AND BANK GUARANTEE REQUIREMENTS**

Service	Processing Fee (In Rs)	PBG (in Rs)	FBG (In Rs.)	Entry Fee (In Rs)	Net Worth(in Rs)
UL - VN OA	10,000	NIL	1,00,000	15,000	0
UL - VN OB	10,000	NIL	10,000	1,00,000	0
UL - VN OC	10,000	NIL	1,000	10,000	0
UL A	10,000	40,000	2,00,000	30,000	0

<b>UL</b>	10,00	2,00,	20,0	2,00,	0
<b>B</b>	0	000	00	000	
<b>UL</b>	10,00	10,0	2,00	20,0	0
<b>C</b>	0	00	0	00	

**PBG- Performance Bank Guarantee**  
**FBG- Financial Bank Guarantee**

Once the License is granted, then Licensee is responsible to comply with each and every term of the License Agreement.

**DISCLAIMER**

*The present Article intends to provide brief and general information on the above mentioned subject & in no manner provides exhaustive details on the same. This document shall not be construed as a legal advise & further, shall not form as a base to take any decision without seeking proper legal advise from us. We shall not be responsible for whatsoever sustained by any person relying on this material*

**CONTACT US**

**UTKRISHTHA LAW OFFICES**  
**Advocates & Solicitors**



*Address:- 29, Kailash Hills, New Delhi*

*Email:- [contact@utkrishthalaw.com](mailto:contact@utkrishthalaw.com)*

*Phone:-8750021607, 9999309222*

*[Website:www.utkrishthalaw.com](http://www.utkrishthalaw.com)*

**KEY CONTACTS**

**Himanshu Dhawan, Founding Partner**

**& Advocate, Supreme Court of India**

**Email:- [HimanshuDhawan@Utkrishthalaw.com](mailto:HimanshuDhawan@Utkrishthalaw.com)**

**Phone: +91-9999309222**

**Shubham Jain, Managing Partner &**

**Advocate on Record, Supreme Court of India**

**Email:- [ShubhamJain@Utkrishthalaw.com](mailto:ShubhamJain@Utkrishthalaw.com)**

**Phone:- +91-8750021607**